







**REPORT  
ON  
SURVEY OF LABOUR  
CONDITIONS  
IN  
CIGARETTE FACTORIES  
IN INDIA  
1965-66**



**LABOUR BUREAU  
MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION  
(DEPARTMENT OF LABOUR AND EMPLOYMENT)  
GOVERNMENT OF INDIA**



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## PREFACE

Ever since India entered the industrial field over a century ago, the industrial labour in the country and its problems have been the subject of interest. From earlier emphasis on prevention of exploitation of labour, the interest has now shifted to providing them a fair deal and fuller opportunities. Surveys that bring out true conditions of labour provide a sound base to the present day approach to problems of labour in India, in the context of planned economic development of the country.

A detailed survey on a country-wide basis of the working and living conditions of industrial labour was conducted by the Labour Investigation Committee, appointed by the Government of India in 1944. The years that followed witnessed far reaching changes in the set-up of the country, its basic policies and national objectives. As a result, the well-being of the working class came to be recognised as an essential factor in the long-term strategy for industrial advance and in the overall economic stability and progress of the country. The adoption of this policy has brought about a new awakening in the ranks of labour and has afforded them much relief in various directions through legislation and other measures.

In order to assess the impact of these measures on the industrial labour and to make an appraisal of their present conditions, a scheme for a comprehensive Survey of Labour Conditions was incorporated in the Second Five Year Plan. Its execution was entrusted to the Labour Bureau. The Survey was conducted according to a phased programme in 46 industries. This Report presents data regarding the Cigarette Industry covered under the Scheme during 1965-66.

The present Survey differs considerably from similar investigations in the past in matters of design, scope and presentation of data. It has also certain distinguishing features. For example, it furnishes data separately for large and small establishments in various industries, makes a limited study of labour cost in relation to the benefits and amenities that the workers now enjoy, and provides

first-hand information on certain important aspects of labour management relations. Attempt has also been made to collect and interpret data on certain conventional items in a more meaningful way. In the presentation of the data, the effort has been to reduce the information into quantitative terms so as to serve as a bench-mark for purposes of evaluation of changes at a future date. Recourse to general description has been resorted to only where the other type of treatment was not possible.

In a Survey of this magnitude, it was but natural that many problems had to be faced both in planning as well as execution. Most of these flowed from non-availability of up-to-date frames and absence or improper maintenance of records in many establishments. In many cases, the field staff had almost to build up the required statistics from various sources. This naturally imposed a heavy demand on the industrial managements canvassed and the Bureau is deeply indebted to them for their wholehearted co-operation. The co-operation and valuable assistance received from associations of employers and workers, Labour Commissioners as well as Chief Inspectors of Factories and other officials of State Labour Departments is also gratefully acknowledged.

The debt of gratitude that I owe to the Central Statistical Organisation and the Chief Advisor of Factories\* for evincing keen interest in the Survey and rendering technical advice on various matters is indeed great. I am also thankful to the Employment Division of the Planning Commission for examining the Schedule and Instructions and offering useful suggestions. I am equally grateful to the Bureau of Labour Statistics, U.S.A., Social Survey Division, Ministry of Labour and Social Service, U.K., Economics and Research Branch, Department of Labour, Canada, and Labour Statistics and Research Division, Ministry of Labour, Japan, whose advice was sought on several technical matters.

The primary responsibility for conducting the present round (fourth and final) of the Survey was borne by Dr. J. N. Mongia, Deputy Director, supported by other officers of the Bureau on various statistical problems arising out

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\*Now designated as Director, General, Factory Advice Service and Labour Institutions.

of the Survey. The preliminary draft of the Report was prepared by Shri Onkar Nath Misra, Investigator Grade I, and was finalised by Shri Harbans Lal, Deputy Director, with the assistance of Shri H. B. L. Bhatnagar, Assistant Director, who was also responsible for supervising the manual tabulation of data. Part of the data relating to the Survey of Labour Conditions in industries covered during the fourth round (1965-66) was for the first time tabulated by Machine Tabulation Unit of the Labour Bureau, under the supervision of Shri Subir Kumar Gupta, Assistant Director. Sarvashri D. D. Verma and K. C. Sharma, Computers, assisted in the computation of data. The field investigations were carried out by Sarvashri R. N. Tiwari, L. D. Khanna, R. K. Pillay and L. K. Kanuga under the supervision of Sarvashri Mahesh Chandra, Padmakar Deshpande and Balwant Singh Bhola. To all these I am deeply thankful.

The views expressed in this Report are not necessarily those of the Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment), Government of India.

K. K. BHATIA  
Director

Labour Bureau, Simla.  
Dated the 6th August, 1968.

## CHAPTER I

### INTRODUCTION

Tobacco was first brought into India by the Portuguese for their *hookah* about the year 1508. Since then, India has become one of the leading tobacco producing countries of the world. Among the tobacco products, cigarettes occupy an important place. The Cigarette Industry is a highly organised one. The Industry is based mainly on indigenous tobacco with small quantities of virginia tobacco of American origin being imported for blending purposes. The Industry today is in a position not only to meet completely the demand within the country, but also has a small exportable surplus.

#### 1.1. Growth and Location of the Industry

Before the First World War, cigarettes were produced in the country on a limited scale and the factories were practically concentrated around Calcutta and Monghyr (Bihar). Elimination of foreign competition during the war years gave a great fillip to the Industry, which developed considerably during the period. The Industry made further progress during the second World War period. The usherance of the planned era in the country after Independence further helped the development and expansion of the Industry and, during 1965, there were 15 cigarette factories (registered under the Factories Act) with an average daily employment of 11,055 workers. Statement 1.1 shows the State-wise distribution of the Cigarette factories together with the respective average daily employment therein.

It will be seen from the Statement (1.1) that the Industry is located in a few States only. Of the 15 cigarette factories existing in 1965, as many as 8 were located in Maharashtra, 2 each in Andhra Pradesh and West Bengal and one each in Bihar, Mysore and Uttar Pradesh. However, from the employment point of view, West Bengal was leading with about 23 per cent. of the total employment, followed by Maharashtra (19 per cent.), Andhra Pradesh

## STATEMENT 1.1

*State-wise Distribution of Cigarette Factories in India and Average Daily Employment therein During 1965*

State	Number of Factories	Average Daily Employment
1	2	3
1. Andhra Pradesh . . . . .	2 (13.3)	1,822 (16.5)
2. Bihar . . . . .	1 (6.7)	1,554 (14.0)
3. Maharashtra . . . . .	8 (53.3)	2,088 (18.9)
4. Mysore . . . . .	1 (6.7)	1,347 (12.2)
5. Uttar Pradesh . . . . .	1 (6.7)	1,654 (15.0)
6. West Bengal . . . . .	2 (13.3)	2,590 (23.4)
Total . . . . .	15 (100.0)	11,055 (100.0)

Note : -Figures shown in brackets are percentages to totals.

Source: -Returns received under the Factories Act, 1948, for the year 1965.

(17 per cent.), Uttar Pradesh (15 per cent.), Bihar (14 per cent.) and Mysore (12 per cent.).

## 1.2. Genesis of the Survey

The first comprehensive survey of conditions of labour in various industries in India on a country-wide basis was conducted by the Royal Commission on Labour during 1929-31. Its report and findings formed the basis of various ameliorative measures. After a lapse of over a decade, i.e., in 1944, the Government of India appointed another Committee, viz., the Labour Investigation Committee, to enquire into the conditions of labour in all important industries. The Committee conducted detailed investigations in 38 industries, including the Bidi, Cigar and Cigarette Industries, during 1944-45 and, besides a main report on labour conditions in general, published individual reports in respect of various industries. These reports proved to be a useful source of information required for the formulation of labour policy. The years that followed witnessed many changes of far-reaching significance. For instance, many legislative measures were adopted to improve working and living conditions and several schemes

were introduced for promoting welfare and social security of workers. The setting up of the adjudication machinery also led to improvement in conditions of work and wages in various industries. Above all, the attainment of independence by the country gave a new status to the working classes. In view of these developments, the Ministry of Labour and Employment, Government of India as well as the Planning Commission considered it necessary that a fresh comprehensive survey of labour conditions in various industries should be conducted so that it may be possible to assess the effects of the various measures adopted in the past and to obtain a precise picture of the existing conditions and problems of labour for purposes of deciding the future course of action. Accordingly, a scheme for the conduct of a Survey of Labour Conditions was included in the Second Five Year Plan and the Labour Bureau was entrusted with the execution of the Scheme. The Scheme drawn up by the Bureau envisaged to cover 46 industries, including the Cigarette Industry, according to a phased programme in four rounds. The Cigarette Industry was covered during the fourth and final round (1965-66) of the Survey of Labour Conditions.

### 1.3. Scope and Design

A note given in the Appendix of this Report spells out the details relating to the sample design and method of estimation adopted. As a complete list of all Cigarette factories in the country was not available, the Survey was confined to those registered under the Factories Act, 1948. The list of registered factories during 1963, which was used as the frame (except in case of Andhra Pradesh and Maharashtra for which the list related to year 1962) did not indicate concentration of Cigarette factories in any particular region or centre. Hence, no stratification by regions or centres was attempted. However, earlier investigations has indicated the existence of wide variations in conditions of work, standard of welfare and amenities, etc., in the establishments of different size-groups in various industries. It was, therefore, considered desirable to collect data separately for establishments of different sizes. In the light of resources available and from the point of view of practicability, it was decided that for the purposes of the Survey, Cigarette factories may be divided into two size groups—large and small. For this purpose, the cut-off point

chosen was 785 which was approximately equal to the average size of employment per factory.

As regards the sample size, 25 per cent. of the large size and 12½ per cent. of the small size units were considered to be adequate to yield reliable results. However, in the course of the Occupational Wage Survey 1958-59 conducted by the Bureau, it was noticed that a large number of sampled units could not be canvassed either because of their changing the line of production or because some of them went out of business before they could be canvassed. In order to safeguard against the possible shrinkage of the sample size due to the above mentioned contingencies, the sample size was enlarged in the light of the above experience and on the basis of a study of closures for the past few years as revealed by the annual list of registered Cigarette factories. The sampling fraction thus adopted was 33 per cent. for the large and 50 per cent. for the small factories. Statement 1.2 shows the number of Cigarette factories together with the number of workers employed therein (a) in the frame, (b) in the sample and (c) in the sample actually covered.

### STATEMENT 1.2

*Number of Cigarette Factories and Workers Employed therein in the Frame, Sample, etc.*

Size-Group	In the Frame		In the Sample Selected		In the Sample Ultimately covered	
	Number of Factories	Number of Workers Employed	Number of Factories	Number of Workers Employed	Number of Factories	Number of Workers Employed
1	2	3	4	5	6	7
1. Large Factories .	6	9,460	2 (33·3)	3,757 (39·7)	2 (33·3)	357 (39·7)
2. Small Factories .	8	2,244	4 (50·0)	717 (32·0)	3 (37·5)	698 (31·1)
3. All Factories .	14	11,704	6 (42·9)	4,474 (38·2)	5 (35·7)	4,455 (38·1)

Note :—Figures in brackets are percentages to the respective total in the Frame.



It would be seen from the Statement (1.2) that the Survey finally covered 35.7 per cent. of all Cigarette factories which accounted for about 38 per cent. of the workers employed in the Industry. Since only those factories fell in the sample as featured in the frame and as it was not possible to take account of new factories which came into being during the period of the Survey, the information given in this Report should be treated to relate to the factories which were in existence during the period to which the frame related (1962-63) and which continued to exist at the time of the Survey (1965-66).

The data for the Survey were collected by the field staff of the Labour Bureau by personal visits to the sampled establishments. With a view to testing the schedule and instructions prepared for the Survey as also to impart practical training to the field staff, a pilot enquiry was conducted in September—October, 1959 before taking up the first round of the main Survey of Labour Conditions Scheme in December, 1959. On the basis of the experience gained in the pilot enquiry, the schedule and instructions were suitably revised. However, the schedule\* used for collection of the required information in the fourth round differed from that used in earlier three rounds. Since the information pertaining to absenteeism, labour turnover, pay period and earnings was already being collected under other schemes of the Bureau viz., Occupational Wage Survey, Annual Survey of Industries, etc., it was decided not to collect such information under the fourth round of the Survey of Labour Conditions Scheme and hence the schedule was revised accordingly. Some minor changes in the block relating to Works Committees were also carried out.

The field investigations were launched in April, 1965, and were completed in February, 1966. Hence, the information collected, except where specifically mentioned, should be treated to relate to the period of the Survey i.e., 1965-66.

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\*The schedule used for the Survey has been published in the Report on Survey of Labour Conditions in Artificial Manure Factories in India (1965-66).

## CHAPTER II

### EMPLOYMENT

During the course of the present Survey, in order to ensure comparability, data in respect of employment were collected from the sampled establishments as on a specified date, i.e., 31st March, 1965. On the basis of these data, the total employment strength of the Cigarette factories registered under the Factories Act, 1948, is estimated at 13,998. This estimate differs from the corresponding statistics of the Factories Act for the year 1965 (i.e., 11,055), the main reason for the difference being that the former represents the estimate based on the actual number of persons on roll on a particular date whereas the latter is the average daily employment for the whole year. Besides, the figure of 13,998 includes those workers also who, though employed in registered factories, were not deemed to be covered under the Factories Act whereas the other figure represents only those workers who were covered under the Act.

#### 2.1. Composition of the Working Force

##### 2.1.1. Distribution by Broad Occupational Groups

As per the International Standard Classification of Occupations, recommended by the International Labour Organisation, workers in the Cigarette Industry were classified into the following five categories for the purposes of the present Survey :—

- (a) Professional, Technical and Related Personnel.
- (b) Administrative, Executive and Managerial Personnel.
- (c) Clerical and Related Workers (including Supervisory).
- (d) Production and Related Workers (including Supervisory).
- (e) Watch and Ward and Other Services.

Statement 2.1 gives details in respect of the number of workers on roll in the above mentioned occupational groups as revealed by the Survey.

### STATEMENT 2.1

*Estimated Percentage Distribution of Workers\* by Broad Occupational Groups in the Cigarette Industry*  
(31st March, 1965)

Estimated Percentage of Workers						
Size-Group	Total Number of Workers (Estimated)	Professional, Technical and Related Personnel	Administrative, Executive and Managerial Personnel	Clerical and Related Workers (including Supervisory)	Production and Related Workers (including Supervisory)	Watch and Ward and Other Services
1	2	3	4	5	6	7
1. Large Factories .	11,014	0.7	1.6	10.9	82.2	4.6
2. Small Factories .	2,984	1.8	2.7	11.0	79.4	5.1
3. All Factories .	13,998	1.0	1.8	10.9	81.6	4.7

\*'Covered' as well as 'Not Covered' under the Factories Act, 1948.

The Statement (2.1) shows that an overwhelming majority of the working force in the Cigarette Industry belonged to the group 'Production and Related Workers (including Supervisory)', their percentage to the total being nearly 82. 'Clerical and Related Workers (including Supervisory)' formed the next important group and accounted for about 11 per cent. of the total working force, followed by 'Watch and Ward and Other Services' (about 5 per cent.). 'Professional, Technical and Related Personnel' and 'Administrative, Executive and Managerial Personnel' comprised the remaining working force in the Industry. As between large and small factories, there was not much difference in the distribution of the working force among different occupational groups. However, the proportion of all the categories of workers except 'Production Workers' was higher in small factories than that in the large units.

### 2.1.2. Distribution of Workers by 'Covered' and 'Not Covered' under the Factories Act, 1948

The Factories Act, 1948, defines 'worker' as a "person employed directly or through any agency whether for wages or not, in any manufacturing process, or in cleaning any part of the machinery or premises used for a manufacturing process, or in any other kind of work incidental to, or connected with the manufacturing process or subject of manufacturing process...." During the course of the Survey, it was observed that there was no uniformity with regard to the interpretation of the above definition of 'worker' and, consequently, while some units had included certain categories of employees among those covered under the Factories Act, others tended to exclude them. Such workers as were not covered under the Factories Act formed about 10 per cent. of the total estimated employment in the Cigarette Industry. Details of workers 'covered' and 'not covered' under the Factories Act in different broad occupational groups are given in Statement 2.2.

It would be seen from the Statement that an overwhelming majority of 'Production and Related Workers (including Supervisory)' and 'Clerical and Related Workers (including Supervisory)' were being treated as 'covered' under the Factories Act. The proportion of workers 'not covered' under the Factories Act was quite high among 'Administrative, Executive and Managerial Personnel' (about 84 per cent.), 'Professional, Technical and Related Personnel' (about 73 per cent.) and 'Watch and Ward and Other Services' (about 54 per cent.). At the Industry level, the percentage of workers 'not covered' under the Factories Act was higher (about 11 per cent.) in large factories as compared to that in small ones (about 6 per cent.).

A further examination would show that of the total number of workers covered under the Factories Act, 1948, about 86 per cent. belonged to the group 'Production and Related Workers (including Supervisory)', about 11 per cent. to 'Clerical and Related Workers (including Supervisory)' and about 2 per cent. to 'Watch and Ward and Other Services'. The proportion of 'Professional, Technical and Related Personnel' and 'Administrative, Executive

STATEMENT 2.2  
*Estimated Percentage Distribution of Workers by 'Covered' and 'Not Covered' under the Factories Act, 1948,  
 in the Cigarette Industry*  
 (31st March, 1965)

Size-Group	Professional, Techni- cal and Related Personnel		Administrative, Exe- cutive and Mana- gerial Personnel		Clerical and Re- lated Workers (including Supervisory)		Production and Related Workers (including Super- visory)		Watch and Ward and Other Services		Total	
	Covered	Not Covered	Covered	Not Covered	Covered	Not Covered	Covered	Not Covered	Covered	Not Covered	Covered	Not Covered
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Large Fac- tories .	29.1	70.9	—	100.0	93.8	6.2	93.8	6.2	33.2	66.8	89.1	10.9
2. Small Facto- ries .	24.1	75.9	51.9	48.1	76.6	23.4	99.3	0.7	89.5	10.5	93.7	6.3
3. All Factories	27.1	72.9	16.4	83.6	90.1	9.9	95.0	5.0	46.2	53.8	90.1	9.9

and Managerial Personnel' was found to be negligible. Similarly, the break-up of the total number of workers 'not covered' under the Act was about 41, 11, 26, 7 and 15 for the above mentioned groups respectively.

## 2.2. Employment of Women

According to the findings of the Labour Investigation Committee, during 1944-45, quite a large number of women were employed in Cigarette factories in Bombay and Bangalore where they constituted about two-thirds and one-third of the total workers respectively. The present Survey has shown that though women were employed in all the Cigarette factories surveyed, they formed only about 12 per cent. of the total working force in the Industry. Large factories employed more women workers as compared to small ones. However, in one large factory which formed about 23 per cent. of the total factories, the women workers were not covered under the Factories Act, 1948. Details appear in Statement 2.3.

### STATEMENT 2.3

*Estimated Proportion of Women Workers in the Cigarette Industry*  
(31st March, 1965)

Size-Group	Total Number of Factories*	Percentage of Factories Employ- ing Wom- en	Total Number of Workers*	Percentage of Women Workers (of Col. 4)	Percentage of Women Workers to the Total Number of Women Workers in the Industry
1	2	3	4	5	6
1. Large Factories	6	100.0	11,014	9.0	59.0
2. Small Factories	7	100.0	2,984	23.0	41.0
3. All Factories	13	100.0	13,998	11.9	100.0

{ This number does not tally with the number of factories in Statement 1.2. The difference is due to the fact that certain factories were found closed at the time of the Survey.

\*Both 'Covered' and 'Not Covered' under the Factories Act, 1948.

Data were also collected in respect of the distribution of women workers into broad occupational groups. It was found that as many as about 87 per cent. of the women workers in the Industry were employed as 'Production and Related Workers (including Supervisory)', about 10 per cent. as 'Clerical and Related Workers' and the rest (about 3 per cent.) in the category 'Administrative, Executive and Managerial Personnel'. Women were generally engaged on such jobs as hand packing, box making, cleaning, sorting and filling of tobacco leaves, general helpers, miscellaneous clerical and office workers, etc. No particular reason was advanced by the employers for their employment except that women workers were more suitable than men for certain jobs.

### **2.3. Child Labour**

The Labour Investigation Committee had reported that children were not usually employed in the Cigarette factories visited by them. During the course of the present Survey also, none of the sampled units were found to be employing child labour.

### **2.4. Time-rated and Piece-rated Workers**

Data were collected in respect of the distribution of 'Production Workers' employed directly as well as through contractors by methods of payment, i.e., time-rates and piece-rates. The Survey has revealed that the system of payment on piece-rates was not in vogue in the Cigarette Industry, all the workers being time-rated. Even in 1944-45, as reported by the Labour Investigation Committee, wages in the Cigarette Industry were paid generally on a time basis.

### **2.5. Contract Labour**

The Survey reveals that the practice of employing workers through contractors was not at all in vogue in the Cigarette Industry. This was also the position during 1944-45 when the Labour Investigation Committee conducted their enquiry.

### **2.6. System of Recruitment**

The Labour Investigation Committee had reported that the Cigarette factories usually recruited their workers

directly, applicants presenting themselves at the factory gate. The present Survey has also revealed that the most usual practice followed by the managements of Cigarette factories was to make recruitment directly. About 76 per cent. of the workers in the Industry were found to have been recruited at the factory gate itself, about 12 per cent. through Employment Exchanges and the rest (about 12 per cent.) through other methods like interviews, contacts, etc. A welcome feature was that recruitment through intermediaries, which had been a bane of most Indian industries, was totally absent in the Cigarette Industry.

## 2.7. Employment Status

During the course of the Survey, information pertaining to the classification of 'Production Workers' into different categories of employment status i.e., permanent, temporary, probationers, etc., was collected in respect of those workers who were covered under the Factories Act and were employed directly. It may be pointed out that under the Industrial Employment (Standing Orders) Act, 1946, it is obligatory for all establishments employing 100 or more workers to classify their employees into various categories of employment status. However, in units where framing of Standing Orders was not obligatory or the same had otherwise not been framed, reliance had to be placed on the version of the managements with regard to the employment status of their workers. The data collected during the Survey appear in Statement 2.4.

### STATEMENT 2.4

*Estimated Percentage Distribution of 'Production and Related Workers' by Employment Status in the Cigarette Industry (31st March, 1965)*

Size-Group	Total Number of Production Workers*	Percentage Distribution of Workers						
		Permanent	Probationers	Temporary	Badlis	Casual Workers		Apprentices
						Paid	unpaid	
1	2	3	4	5	6	7	8	9
1. Large Factories	8,493	98·8	—	0·7	—	—	0·5	—
2. Small Factories	2,353	90·8	0·8	—	—	8·3	0·1	—
3. All Factories	10,846	97·1	0·2	0·5	—	1·8	0·4	—

\*Covered under the Factories Act, 1948 and employed directly.



It will be noticed from the Statement (2.4) that in the Industry, as a whole, nearly 97 per cent. of the workers were permanent, about 2 per cent. casual and the rest (about 1 per cent.) comprised temporary workers, apprentices and probationers. *Badli* workers were not found employed in any of the units surveyed. Relatively more workers were permanent in large factories as compared to small ones. Temporary workers were noticed in large factories only. Similarly, casual workers and probationers were employed in small factories alone.

### 2.3. Length of Service

During the course of the Survey, a study of the distribution of workers according to their length of service was made in respect of 'Production Workers' covered under the Factories Act and employed directly by the managements. Data are presented in Statement 2.5

#### STATEMENT 2.5

*Estimated Percentage Distribution of 'Production and Related Workers' According to Length of Service in the Cigarette Industry*

(31st March, 1965)

Size-Group	Total Number of Production Workers*	Percentage Distribution of Workers with Length of Service of				
		Under 1 year	1 year and more but under 5 years	5 years and more but under 10 years	10 years and more but under 15 years	15 years and more
1	2	3	4	5	6	7
1. Large Factories	8,493	2.1	5.0	5.7	6.9	80.3
2. Small Factories	2,353	14.8	22.3	11.3	10.2	41.4
3. All Factories	10,846	4.9	8.8	6.9	7.6	71.8

\* 'Covered' under the Factories Act, 1948 and employed directly.

It would appear that the working force in the Industry was fairly stable as about 79 per cent. of the workers had 10 years or more of service to their credit as on 31st March, 1965. Only about 5 per cent. of the 'Production Workers' had less than one year's service and nearly 9 per cent. one year and above but less than 5 years' service. The rest (i.e., about 7 per cent.) had 5 years or more but less than 10 years' service to their credit. As between large and small factories, the proportion of workers having longer length of service i.e., 15 years or more, was almost double in the former than in the latter.

## 2.9. Absenteeism

No information in regard to the extent of absenteeism was collected from this Industry during the Survey as the Bureau was already collecting information relating to absenteeism under the Annual Survey of Industries in respect of permanent and temporary 'Production Workers' and it was expected that the same could be utilized for this Report also. Since the data relating to 1964 are still in the processing stage, no use could be made of them in this Report. However, an attempt was made to obtain a general idea about the measures taken, if any, by the managements to reduce absenteeism. The Survey has revealed that all the large factories and about two-thirds of the small factories or nearly 82 per cent. of the Cigarette factories in the country had taken some steps to reduce absenteeism. The steps taken included payment of higher rates of wages, attendance bonus, issue of warning, taking disciplinary action, etc.

## 2.10. Labour Turnover

As in the case of absenteeism, only the information regarding the steps taken by the managements to reduce labour turnover was collected during the present Survey. Only one large factory, comprising about 23 per cent. of the factories in the country, had taken some steps to reduce labour turnover and these were in the form of higher wages and bonus.

## 2.11. Regulation of Employment of *Badli* and Casual Labour

The system of employing casual labour was prevalent in only one of the small factories surveyed. The factory

had taken suitable steps to regulate their employment by appointing them in regular vacancies, if found suitable. Badlis were not employed in any of the factories covered.

## 2.12. Training and Apprenticeship

The report of the Labour Investigation Committee would show that none of the Cigarette factories visited by them had introduced any such schemes. According to the present Survey, however, the system of providing training and/or apprenticeship facilities for workers existed in about 64 per cent. of the Cigarette factories in the country, comprising all large and about one-third of small establishments. In all these factories, there were written contracts and the schemes were either regular or under the Apprentices Act, 1961. As regards the persons entitled to receive training, the prescribed qualifications differed from unit to unit. For example, in one of the factories surveyed it was matriculation while, in another, only those persons who had passed the courses conducted by the Industrial Training Institutes were entitled to receive the training. The training was imparted in such trades as those of Electricians, Fitters-cum-Turners and Carpenters. In all cases, the duration of the training was six months and the trainees were entitled to receive remuneration ranging between Rs. 50 and Rs. 90 per month. Employment after completion of training was not guaranteed in any of the units providing this facility.

## CHAPTER III

### WAGES AND EARNINGS

During the course of the present Survey, no attempt was made to collect data on wage rates for individual occupations, pay-period and earnings of 'Production Workers' and 'All Workers' since this information had already been collected by the Bureau under the Second Occupational Wage Survey (1963—65). As the data collected are yet being processed, it has not been possible to incorporate the same in this Report. The data on earnings collected during the Survey, therefore, relate to only four categories of workers viz., 'Professional, Technical and Related Personnel', 'Administrative, Executive and Managerial Personnel', 'Clerical and Related Workers' and 'Watch and Ward and Other Services'. This information related to the pay-period preceeding the specified date, i.e., 31st March, 1965, and was in respect of workers covered under the Factories Act. As the data so collected were subsequently found to be discrepant, the same are not being given in this Report. Information collected on other aspects is discussed in the succeeding paragraphs.

#### 3.1. Dearness Allowance

All the five Cigarette factories surveyed were found to be paying a separate dearness allowance to their employees. In about 64 per cent. of the factories, the rate of dearness allowance was linked to the Consumer Price Index Number and in about 18 per cent. It was paid at a flat rate. In the remaining one unit, which also formed about 18 per cent. of the total factories, the workers were getting dearness allowance on the basis of a combination of both these systems. Of the factories which had linked the dearness allowance to the Consumer Price Index Number, two were large units and one small. In one of the large factories, the dearness allowance was linked to the Working Class Consumer Price Index Number for Kanpur (Base : August, 1939=100) and in the other, to the Working Class

Consumer Price Index Number for Hyderabad (Base : 1960=100). In the small factory, it was linked to the Working Class Consumer Price Index Number for Bombay (Base : July, 1933 to June, 1934=100). In one small factory paying dearness allowance at a flat rate, all the workers were getting Rs. 30 per month. In the remaining one factory, production workers and watch and ward staff were paid dearness allowance at a flat rate of Rs. 70 per month with effect from 1-1-1963. This rate was subject to an increase of Rs. 2.50 every year till December, 1968. The dearness allowance of clerical and managerial staff was linked with the Working Class Consumer Price Index Number for Bombay (Base : July, 1933 to June, 1934=100).

### **3.2. Production/Incentive Bonus**

The results of the present Survey revealed that only one large factory, constituting about 23 per cent. of the Cigarette factories in the country, had introduced a scheme for the payment of production/incentive bonus to 'Production Workers' and 'Professional, Technical and Related Personnel' on achieving certain production targets fixed by the respective Heads of the Departments. The rates at which bonus was paid varied from 0.4167 paise to 1.1719 paise per hour.

### **3.3. Night Shift Allowance, House Rent Allowance and Transport Allowance**

None of the units surveyed in the Cigarette Industry were found to be paying any of these allowances to their workers.

### **3.4. Other Cash Allowances**

Attendance Bonus was being paid in one of the small factories covered, constituting approximately 18 per cent. of all factories in the country. All categories of workers were entitled to receive this bonus provided they were not absent or on leave without pay for more than 3 days in a month or late by more than 10 minutes for more than 4 days in a month. The rate of payment was Rs. 15 per month for those drawing basic pay up to Rs. 150 per month and 10 per cent. of basic pay for those drawing above Rs. 150 per month.

Another small factory paid Tea Allowance to 'Production Workers' and 'Watch and Ward Staff' at the rate of Re. 0.20 for every working day.

### 3.5. Annual/Year-end Bonus

The system of paying annual bonus and/or profit or war bonus was reported to be existing in most of the units visited by the Labour Investigation Committee during 1944-45. The present Survey has also shown that the practice of paying annual or year-end bonus was prevalent in all the Cigarette factories surveyed. Such schemes were regular in about 46 per cent. of the factories while, in the rest (i.e., 54 per cent.), the payments were being made on an *ad-hoc* basis from year to year. In nearly 82 per cent. of the factories, the bonus was being paid as a result of mutual agreements between the employers and the employees while, in the rest (i.e., 18 per cent.), its payment depended on the discretion of the management. Excepting one small unit where the payment of annual bonus was restricted to 'Production Workers' and 'Watch and Ward' Staff only, in others the scheme covered all categories of workers. As regards the conditions for entitlement to bonus, generally those employees who had completed some specified period of service (ranging between 40 days and one year) were entitled to it. In a few units, the amount of bonus was proportionately reduced if the workers had put in less than one year's service. The rate of payment varied from unit to unit and ranged between 3 months and 6½ months' basic wages. Bonus was being paid in cash in all the units except one small unit where the bonus exceeding one-fourth of the earnings was being paid in the shape of National Savings Certificates.

### 3.6. Festival and Profit-sharing Bonus

None of the units surveyed in the Cigarette Industry were found to be paying Festival Bonus and Profit-sharing Bonus to their employees.

### 3.7. Fines and Deductions

The information collected during the Survey has revealed that the practice of imposing fines on workers was

in vogue in only one small factory surveyed. In this unit, the list of acts of commission or omission for which fines could be imposed was approved and notices exhibited. Fines Register and Fines fund were, however, not maintained in this factory.

None of the factories surveyed in the Cigarette Industry were found to be making any deductions on account of damages, etc., from the wages of their workers.

## CHAPTER IV

### WORKING CONDITIONS

Working conditions obtaining in industries in India have all along attracted the attention of the Government of India as well as the State Governments. As a result, significant improvements in the conditions of work owe a good deal to the legislative enactments, particularly the Factories Act, 1948. The following paragraphs describe the state of working conditions in the factories in Cigarette Industry as observed at the time of the Survey.

#### 4.1. Shifts

The Survey results show that nearly 64 per cent. of the Cigarette factories in the country, comprising all large and one-third of the small factories, were working two shifts daily. The remaining two-thirds of the small factories, or nearly 36 per cent. of all Cigarette factories in the country, were working only one shift a day. None of the large factories surveyed were working night shifts\*. Only one small factory which had two shifts was having a night shift also. The night shift workers were enjoying the benefit of reduced hours of work which were 45 per week as against 48 for day-shift workers. The unit had a regular system of transferring workers from day-shift to night-shift and *vice-versa* after a fortnight. Details about shifts, etc., are set out in Statement 4.1.

#### STATEMENT 4.1

*Estimated Percentage of Cigarette Factories According to Number of Shifts  
(1965-66)*

Size-Group	Number of Factories	Percentage of Factories having			Percentage of Factories having Night Shift
		One Shift	Two Shifts	Three Shifts	
1	2	3	4	5	6
1. Large Factories . . .	6	—	100·0	—	—
2. Small Factories . . .	7	66·7	33·3	—	33·3
3. All Factories . . .	13	35·9	64·1	—	17·9

\*For the purpose of the Survey, a night shift was treated as the one whose majority of working hours fell between 10 P.M. and 6 A.M.



## 4.2. Hours of Work

Since the passing of the Factories Act, 1948, the hours of work for adult workers have been fixed at a maximum of 48 per week and 9 per day. The Chief Inspectors of Factories have been empowered to grant exemption from the above limit of daily hours of work in order to facilitate the change over in any factory. Data collected show that in about 82 per cent. of the Cigarette factories in the country, comprising all large and two-thirds of the small factories, the hours of work for a majority of workers working in day shifts were 8 per day while in the rest of the factories (i.e., 18 per cent.), they were 9 per day. However, in none of the Cigarette factories, the weekly hours of work exceeded 48. In fact, weekly hours of work were only 45 in about 18 per cent. of the factories. Thus, there was no violation of the provision of the Factories Act, 1948 in respect of hours of work.

As regards the practice prevailing at the time of the Survey in respect of spreadover and rest-interval in the Cigarette factories, the data collected appear in Statement 4.2.

### STATEMENT 4.2

*Estimated Percentage Distribution of Cigarette Factories According to Duration of Spread-Over and Rest-Interval, etc.*

(1965-66)

Size-Group	Number of Factories	Percentage of Factories Where				
		Spread-Over for Adult Workers Was			Rest-Interval for Adult Workers Was	
		More than 8 hours and upto 8 1/2 hours	More than 8 1/2 hours up to 9 hours.	More than 9 hours and up to 9 1/2 hours	1/2 hour and less	More than 1/2 hour and up to 1 hour
1	2	3	4	5	6	7
1. Large Factories	6	50.0	50.0	- -	50.0	50.0
2. Small Factories	7	—	66.7	33.3	33.3	66.7
3. All Factories	13	23.1	59.0	17.9	41.0	59.0

It is apparent from the Statement (4.2) that in a majority of the factories in the country (i.e., 59 per cent), the spreadover was more than  $8\frac{1}{2}$  hours and up to 9 hours during the day-shift. It was more than 9 hours and up to  $9\frac{1}{2}$  hours in about 18 per cent. of the units. In the remaining about 23 per cent. of the factories, the spreadover was more than 8 hours and up to  $8\frac{1}{2}$  hours. The duration of rest-interval was half an hour and less in 41 per cent. of the factories and more than half an hour and up to 1 hour in 59 per cent.

### 4.3. Dust and Fumes

The Survey results have revealed that processes giving off dust such as filtering, blending, cutting and loading of tobacco were involved in about 82 per cent. of the Cigarette factories. It was noticed that local as well as general exhaust had been provided in all the units having dusty processes. In addition, about 72 per cent. of the factories had isolated these processes from others and also arranged for dust suppression by sprinkling water. Dust masks were provided in about 28 per cent. of the factories having dusty processes.

As regards fumes, 41 per cent. of the Cigarette factories were reportedly having processes such as mentholization of tobacco which gave off fumes or vapours. All such factories had provided general and local exhaust ventilation. In addition to these arrangements, in about 44 per cent. of the factories, these processes were isolated from others and gas-masks were also provided to the workers.

The house-keeping (i.e., dusting, cleaning and arrangement of articles, etc.) was good in all the units where dusty or fume-giving process were carried on.

### 4.4. Seating Arrangements

Under the Factories Act, 1948, the managements are required to make suitable arrangements for sitting of all such workers as are obliged to work in a standing position so that they may take advantage of any opportunity for rest which may occur in the course of the work. This aspect was enquired into during the course of the Survey and it was found that adequate seating arrangements for all the workers existed in all the Cigarette factories covered.

#### 4.5. Conservancy

During 1944-45, the Labour Investigation Committee had found that all the Cigarette factories visited by them had made suitable conservancy arrangements. Under the Factories Act, 1948, it is obligatory for every factory to maintain an adequate number of latrines and urinals of a prescribed standard for the use of workers. The Survey results show that all the Cigarette factories surveyed had provided latrines for the use of their workers. The latrines provided were water-borne sewer type in about 77 per cent. of the factories and water-borne septic tank in the rest. All the latrines were of permanent structure with plastered or tarred walls, impervious floors and were, generally, properly screened to afford privacy. Water taps in or near the latrines were found to have been provided in about 82 per cent. of the factories, comprising all large and about two-thirds of the small factories. Separate arrangements for women existed in all the units. As regards the number of latrines, it was found that these were inadequate in about 18 per cent. of the factories.

Separate urinals had also been provided in all the Cigarette factories surveyed. In all the factories, the construction of the urinals was permanent with plastered or tarred walls and impervious flooring. Separate arrangements for women existed in all the factories. All the urinals were properly screened and their number was also adequate in all the factories.

#### 4.6. Leave and Holidays with Pay

Section 79 of the Factories Act, 1948, provides that every worker, who has completed a period of 240 days' continuous service during a calendar year, should be allowed during the subsequent period of twelve months, leave with wages for a number of days calculated at the prescribed rate. Apart from the annual leave, all other types of leave have come into vogue as a result of voluntary decisions of managements, agreements between employers and employees or under some adjudication awards. Some of the State Governments have also passed laws for the grant of paid national and festival holidays to persons employed in industrial establishments. Statement 4.3, based on the data

collected during the Survey, shows the prevailing practice in regard to granting of leave and holidays with pay in the Cigarette factories in the country.

### STATEMENT 4.3

*Estimated Percentage of Cigarette Factories Granting Various Types of Leave and Holidays with pay*

(1965-66)

Size-Group	Total Number of Factories	Percentage of Factories Granting			
		Earned Leave	Casual Leave	Sick Leave	National and Festival Holidays
1	2	3	4	5	6
1. Large Factories .	6	100.0	100.0	--	100.0
2. Small Factories .	7	100.0	100.0	33.3	100.0
3. All Factories .	13	100.0	100.0	17.9	100.0

#### 4.6.1. Earned Leave

In 1944-45, when the Labour investigation Committee conducted their Survey, some of the factories in Bengal, Bombay, Bangalore and Saharanpur were allowing privilege leave with pay to their workers for 10 to 30 days in a year. The present Survey has, however, revealed that the system of granting earned leave with pay to workers was prevalent in all the Cigarette factories in the country. For all workers covered under the Factories Act, 1948, the period of leave, rate of payment and the conditions of eligibility were the same as laid down under the Act. With a view to assessing the extent to which the workers had actually enjoyed the benefit of earned leave during the year 1964, data were collected in respect of such workers during the course of the present Survey. Details are presented in Statement 4.4.

# STATEMENT 4-4

*Estimated Number of Workers Granted Earned Leave with Pay in the Cigarette Industry*

(During 1964)

Size-Group	Average Daily Number of Workers Employed	Number of Workers Who Enjoyed Leave	Percentage of Workers Who Enjoyed Leave	Percentage of Workers Who Enjoyed Leave						
				Up to 5 Days	Over 5 and up to 10 Days	Over 10 and up to 15 Days	Over 15 and up to 20 Days	Over 20 and up to 25 Days	Over 25 and up to 30 Days	Over 30 Days
1	2	3	4	5	6	7	8	9	10	11
1. Large Factories	8,954	8,005	89.4	2.6	9.7	75.1	7.7	2.7	1.4	0.8
2. Small Factories	2,372	2,104	88.7	6.7	18.9	39.4	11.5	10.3	6.1	7.1
3. All Factories	11,326	10,109	89.2	3.4	11.6	67.7	8.5	4.3	2.4	2.1

It will be seen from the Statement (4.4) that about 89 per cent. of the workers in the Cigarette Industry enjoyed earned leave during 1964. The proportion of workers who had availed themselves of this facility was, more or less, the same in both large as well as small factories. Of those having availed themselves of such leave, nearly 68 per cent. took leave for a period of over 10 and up to 15 days. Those taking leave up to 10 days formed 15 per cent. of the total workers. Roughly 8 per cent. of the employees remained on leave for a duration of over 15 and up to 20 days. The rest (about 9 per cent.) took leave for over 20 days.

#### **4.6.2. Casual Leave**

There is no mention in the Report of the Labour Investigation Committee about the system of granting casual leave in any of the Cigarette factories covered by them. Data in respect of casual leave collected during the present Survey, however, show that all the Cigarette factories were granting casual leave with pay to their employees (Statement 4.3). The facility was available to all categories of workers without any condition. In all the factories, full consolidated wages or basic pay and allowances, as the case might be, were payable to the workers during leave period. The number of days for which casual leave was allowed, however, varied from unit to unit. In 59 per cent. of the Cigarette factories, it was restricted up to 10 days in a year while in the rest (41 per cent.), its duration ranged between 11 and 15 days.

#### **4.6.3. Sick Leave**

Very few Cigarette factories were reported to be granting sick leave to their workers at the time of the Enquiry by the Labour Investigation Committee. The present Survey has also shown that only one small factory, accounting for about 18 per cent. of all Cigarette factories in the country, was granting sick leave with pay to its employees. This benefit was being given by the management in addition to the facilities available under the Employees' State Insurance Scheme. All categories of workers could get 10 days' sick leave in a year with full pay. No condition was attached to the grant of such leave.

#### 4.6.4. National and Festival Holidays

From the report of the Labour Investigation Committee, it would appear that, at the time of their Enquiry, most of the factories visited by them were allowing festival holidays to their employees. The present Survey has also shown that all the Cigarette factories in the country were granting national and festival holidays with pay to all categories of employees. Excepting one small factory where attendance on preceding and succeeding days was insisted upon for claiming pay for the holiday, no condition was attached in the rest of the factories. The number of such holidays allowed in a year was 6 to 10 in about 23 per cent. of the factories, 11 to 15 in about 54 per cent. and more than 16 in the remaining 23 per cent.

#### 4.7. Weekly Off

The provision of the Factories Act regarding the grant of a weekly day of rest to workers was being complied with in all the Cigarette factories in the country. In about 82 per cent. of the Cigarette factories, weekly offs were allowed with pay while in the rest it was without payment. Attendance on the preceding and the succeeding days was insisted upon for claiming payment for the weekly off in only about 22 per cent. of the factories while, in the rest, there was no such condition.

## CHAPTER V

### WELFARE AND AMENITIES

The human approach to the problems of industrial labour has been increasingly in evidence in all countries, including India, for the last few decades. Various Committees and Commissions appointed in India, from time to time, for enquiring into the conditions of industrial labour have never failed to pin-point the urgency and utility of ameliorative measures in order to promote the welfare of workers. Government legislation has been quick in response and the various enactments passed thereby have gone a long way in improving the lot of the working class. Besides facilities provided in compliance to the law, many welfare measures have been undertaken voluntarily by the employers for the benefit of their employees.

During the present Survey, an attempt was made to assess the extent of welfare facilities being enjoyed by workers in the Cigarette Industry. Information collected in respect of both obligatory and non-obligatory facilities is presented in the following paragraphs.

#### 5.1. Drinking Water Facilities

Suitable arrangements for the supply of drinking water were found to be existing in all the units surveyed. The most common arrangement was in the form of water-taps which existed in all the large factories or in about 46 per cent. of the Cigarette factories in the country. Other arrangements which existed in small factories were in the form of earthen pitchers, water coolers or refrigerators. Details appear in Statement 5.1.

The Factories Act, 1948, prohibits the location of any drinking water point within 20 feet of latrines and urinals. The Survey has shown that in none of the Cigarette factories, the drinking water points were situated within the prohibited distance. The Factories Act further provides that every factory employing more than 250 workers should supply drinking water cooled by ice or other effective method during the summer months. It was observed that such facilities existed in all the Cigarette factories



## STATEMENT 5.1

*Drinking Water Facilities in the Cigarette Industry*  
(1965-66)

Size-Group	Total Number of Facto- ries	Estima- ted Percen- tage of Facto- ries Where Drin- king Water Facility Existed	Estimated Percentage of Factories Where Water was Supplied through				Esti- mated Percen- tage of Facto- ries having arrang- ements for cooled water during Summer
			Taps only	Water Tap and Earthen Pitch- ers	Water Coolers Only	Refri- gerated Water	
1	2	3	4	5	6	7	8
1. Large Factories .	6	100.0	100.0	—	—	—	100.0
2. Small Factories .	7	100.0	—	33.3	33.3	33.4	100.0
3. All Factories .	13	100.0	46.2	17.9	17.9	18.0	100.0

surveyed irrespective of the fact whether they were under statutory obligation or not. The arrangement was in the form of mechanically cooled water in about 82 per cent. of the factories, while others had kept earthen pitchers for the purpose.

### 5.2. Washing Facilities

Section 42 of the Factories Act, 1948, provides that adequate and suitable facilities for washing should be provided and maintained in every factory for the use of workers. Information collected during the Survey shows that such facilities existed in all the Cigarette factories surveyed. The facility was in the shape of wash basins in about 64 per cent. of the factories and water taps in the remaining 36 per cent. Soap for cleansing purposes was also being supplied to workers in all the factories.

Though about 77 per cent. of the Cigarette factories had employed female workers who were covered under the Factories Act, only about 23 per cent. of them had provided

separate washing facility for them and they were properly screened.

### 5.3. Bathing Facility

Only one small factory covered in the Survey, comprising about 18 per cent. of the Cigarette factories in the country, had provided two bath rooms for men only. The bath rooms were reported to be kept clean.

### 5.4. Canteens

In 1944-45, when the Labour Investigation Committee had conducted their Enquiry, there was no law regulating the establishment of canteens in industrial establishments. Consequently, only two factories in Bengal had provided the canteen facility for their employees. The Factories Act, 1948, lays down that the State Governments may make rules requiring that in any specified factory wherein more than 250 persons are ordinarily employed, an adequate canteen according to the prescribed standards should be provided for the use of workers. It is estimated on the basis of the Survey that nearly 64 per cent. of the factories in the Industry were under a statutory obligation to provide canteens and all of them had fulfilled their obligation. In addition to these, one small factory had voluntarily provided a canteen. Thus, in the Industry as a whole, canteen facility existed in nearly 82 per cent. of the factories, comprising all large and about 67 per cent. of small factories. Drinking water facilities within the canteens existed in all these factories. About 22 per cent. of the factories having canteens served tea and coffee only, 56 per cent. sold tea, coffee and snacks and the rest (22 per cent.) had made arrangements for the sale of meals as well. All the canteens were run by the managements. Items were being sold at subsidised rates in about 72 per cent. of the factories having canteens as their managements were providing regular subsidies for this purpose. In the remaining about 28 per cent. of the factories, the canteens were run on a 'no-profit, no-loss' basis and their managements were providing occasional subsidies for meeting losses, if any.

Canteen Managing Committees were constituted in about 28 per cent. of the factories having canteens and,

in all of them, the prices of items sold were fixed by these Committees and price-lists were also displayed in the canteens. Of the rest, prices were fixed by the managements in half of the factories and by the Works Committee in the remaining 22 per cent. All the canteens were satisfactorily located inasmuch as their surroundings were clean and they were some distance away from the work-places. It has been estimated that nearly 48 per cent. of the workers employed in the factories having canteens were visiting the canteens daily.

### 5.5. Creches

The Factories Act, 1948, requires all factories employing more than 50 women workers to maintain a creche of a prescribed standard. It is estimated that about 77 per cent. of the Cigarette factories, comprising all large and about 67 per cent. of small factories, were under an obligation to provide this facility and they had done so. Besides towels and milk which were supplied to children in all the creches, about two-thirds of them were also providing toys, clean clothes, soap and refreshments. Some staff like nurses was also appointed in all the creches to look after the children. Generally, the creches were situated in congenial surroundings and the buildings were of prescribed standard with proper lighting and ventilation. None of the units had provided creches voluntarily.

### 5.6. Lockers

Locker facilities for keeping clothings of workers were found to be existing in only one large factory, constituting about 23 per cent. of the Cigarette factories in the country.

### 5.7. Rest Shelters

In the report of the Labour Investigation Committee, there is, generally, no mention of the existence of rest-shelters in the Cigarette Industry. However, under the Factories Act, 1948, maintenance of a rest shelter is obligatory for every factory wherein more than 150 workers are ordinarily employed. However, if the factory is maintaining a canteen of the prescribed standard, the provision of a separate rest shelter is not binding. It is estimated

that about 64 per cent. of the Cigarette factories, comprising all large and nearly one-third of small factories, employed more than 150 workers. Since all these factories were found to have provided canteens, it was not necessary for them to provide separate rest shelters. However, about 72 per cent. of them had provided separate rest shelters in addition to canteens. None of the other factories had provided the facility voluntarily. In all the factories having rest shelters, it was observed that these were of the prescribed standard with adequate protection from weather and were sufficiently lighted and ventilated. All the rest shelters had provision for drinking water and were being maintained in a tidy condition.

### **5.8. Recreation Facilities**

On the basis of information collected during the course of the Survey, it is estimated that arrangements for recreation of workers existed in all large and about one-third of the small factories or about 64 per cent. of the Cigarette factories in the country. All these factories had provided both outdoor and indoor games like Hockey, Volley Ball, Carrom, Cards and Chess. Dramas and film shows were organised in about 72 per cent. of the factories and about 36 per cent. of the factories had installed radio sets. Religious and social functions were organised in 41 per cent. of the factories. The cost of all the recreation facilities was being met through ad hoc contributions by the managements in about 64 per cent. of the factories while in the rest (36 per cent.), they were financed from the welfare fund of the factories. Recreation facilities were open to all workers in all the factories having them. In about 64 per cent. of the factories providing recreation facilities, these were managed by the Labour/Welfare Officers while, in the remaining about 36 per cent., these were managed by Committees consisting of representatives of workers as well as management.

### **5.9. Educational Facilities**

Arrangements for the education of workers' children were existing in the Industry on a meagre scale as only one of the large factories covered was found to have provided a High School, which was open to others also in addition to the workers' children. In this school, no fee was charged

from the workers' children. The school was financed by a trust created by the management. No other facility like free supply of books, stationery, etc., was available to workers' children in the school.

None of the factories surveyed was running any adult education centre.

## **5.10. Medical Facilities**

### **5.10.1. Hospitals and Dispensaries**

The Labour Investigation Committee had observed that, during 1944-45, most of the Cigarette factories had well-equipped dispensaries where the workers received free medical attention. The present Survey has shown that only two large factories, constituting about 46 per cent. of the Cigarette factories in the country, had dispensaries attached to them. Both of them had appointed full-time doctors as well as other staff like compounders, dressers and nurses.

### **5.10.2. Ambulance Rooms**

Under the Factories Act, 1948, every factory employing more than 500 workers is required to provide and maintain an ambulance room. The rules framed by the State Governments prescribe the requirements of such rooms. The Survey results show that, of all the units visited, nearly 64 per cent. (comprising all large and about one-third of small factories) were under a statutory obligation to provide ambulance rooms and all of them had done so. These ambulance rooms were under the charge of full-time doctors and, in large factories, other staff like compounders, dressers, etc., was also employed. None of the other factories had voluntarily provided ambulance rooms.

### **5.10.3. First Aid Boxes**

The Factories Act, 1948, lays down that every factory shall maintain first-aid boxes at the rate of one for every 150 workers ordinarily employed. Standards have also been prescribed regarding the items to be provided in the first-aid boxes. The law further requires that such boxes should be kept under the charge of trained first-aiders and be easily accessible to workers during all the working hours.

The Survey has shown that all the Cigarette factories in the country were maintaining first-aid boxes and these were kept in places which were easily accessible to the workers in all the factories. Though it is mandatory that each box should be kept under the charge of a trained first-aider, it was found that in nearly 36 per cent. of the factories, there were no trained first-aiders at all. All the defaulting factories belonged to the lower-size group. All the trained first-aiders in the Cigarette Industry were found to have received training under the St. John Ambulance. The contents of the first-aid boxes were complete in 59 per cent. of the factories while, in the rest, these were found lacking in one item or the other.

#### **5.11. Transport Facilities**

None of the units surveyed in the Cigarette Industry had provided any transport facility to their employees.

#### **5.12. Other Amenities**

Of all the Cigarette factories surveyed, only one small factory was found running a grain shop for the benefit of its employees. At this shop, food grains were sold to the workers at prices fixed by the Government.

Co-operative societies were found to be existing in about 41 per cent. of the factories, comprising half of the large and one-third of the small factories. All such factories were having credit societies which provided easy loans to the members in times of need. In addition, about 56 per cent. of these had co-operative stores as well as housing societies and the managements were also giving some financial aid to them.

#### **5.13. Housing Facilities**

The present Survey has shown that only one small factory, constituting about 18 per cent. of the Cigarette factories in the country, had provided housing accommodation to about 5.5 per cent. of its employees. All the houses provided were *pucca* built and consisted of two rooms. These houses were allotted to production workers as well as

clerical and watch and ward staff and each house was being shared by two members of the staff. No rent was charged from the workers.

The number of workers housed, on the basis of those employed in the unit as on 31st March, 1965, was 128, giving a percentage of only one for the industry, as a whole.

## **CHAPTER VI**

### **SOCIAL SECURITY**

Prior to the attainment of Independence, factory workers in the country enjoyed social security only to a limited extent which was mainly in the shape of compensation for industrial accidents under the Workmen's Compensation Act, 1923. Women workers, in addition, were entitled to maternity benefits under State Acts. However, after Independence, there has been a considerable enlargement of the scope and content of social security benefits, largely as a result of adoption of such statutory measures as the Employees' State Insurance Act, 1948, and the Employees' Provident Funds Act, 1952 and, to a certain extent, as a result of adjudication awards. The following paragraphs describe briefly the social security benefits being enjoyed by workers in Cigarette factories in the country at the time of the present Survey.

#### **6.1. Provident Fund Schemes**

The Labour Investigation Committee had reported the existence of provident fund schemes in one Cigarette factory each in Bengal and Bangalore. A subscriber contributed one anna per rupee of his monthly wages and an equal amount was contributed by the employers. The results of the present Survey, however, show that provident fund schemes were in existence in all the Cigarette factories covered. In all these factories, the provident funds had been set up under the Employees' Provident Funds Scheme framed by the Government of India in 1952 and, consequently, the rate of contribution, conditions of eligibility, etc., were the same as laid down in the Scheme. An estimated number of 12.6 thousand workers in the Cigarette Industry i.e., about 97 per cent. of the total, were members of provident fund schemes as on March 31, 1965. As between large and small factories, the percentage of workers who were members of provident fund schemes was about 99 in the former and nearly 90 in the latter.

#### **6.2. Pension Schemes**

The Survey results show that in none of the units surveyed was there any pension scheme for workers. This



was also the position during 1944-45 as reported by the Labour Investigation Committee.

### **6.3. Gratuity Schemes**

Gratuity schemes were practically non-existent in the Cigarette factories when the Labour Investigation Committee conducted their Enquiry during 1944-45. The present Survey has, however, revealed that the system of paying gratuity was prevalent in about 82 per cent. of the Cigarette factories in the country, comprising all large and about 67 per cent. of small factories. Gratuity was payable to workers or their dependants in the case of death and retirement in all the units having gratuity schemes while about 78 per cent. of such units were also paying gratuity in case of voluntary resignation. Nearly half of the units paying gratuity were found to be paying it at the time of termination of service on grounds other than misconduct also. In about 72 per cent. of the units paying gratuity, there were regular schemes for the purpose while in the remaining 28 per cent., payment of gratuity depended on the discretion of the management. In all the units, all categories of workers were covered under the gratuity schemes, but the rate of payment differed from unit to unit. Generally, the amount of gratuity paid ranged between 15 days' to one month's wages for each completed year of service, subject to a maximum of 15 to 20 months' wages. The period of qualifying service was found to vary generally from 5 to 15 years.

On the basis of the data collected during the present Survey, it has been estimated that, in all, 614 persons in the Industry received gratuity during 1964.

### **6.4. Maternity Benefits**

Legislation providing for payment of cash maternity benefits for certain periods before and after confinement, granting of leave and certain other facilities, etc., to women employed in factories, exists in almost all States under the various Maternity Benefit Acts passed by the State Governments. However, where the Employees' State Insurance Scheme has been put into force, the employers are absolved of their liability under the concerned Maternity Benefit Act. Information pertaining to maternity benefits in respect of Cigarette factories not covered under the above

scheme shows that no such claims had been made or paid during 1964.

### **6.5. Industrial Accidents**

The Workmen's Compensation Act, 1923, and the Employees' State Insurance Act, 1948, provide for compensation to workers who are injured on account of accidents arising out of and in the course of employment. Information was collected during the present Survey in respect of the number and nature of accidents from all the Cigarette factories, whether covered or not under the Employees' State Insurance Scheme. The Survey revealed that, during 1964, accidents occurred in all the large factories, comprising about 46 per cent. of the factories in the Industry. On the whole, an estimated number of 3,006 workers were involved in accidents in the Cigarette Industry during the year 1964. Perhaps a better picture can be had when the number of workers involved in accidents *vis-a-vis* the total number of workers employed is taken into account. The rate of accidents based on the estimate of average number employed during 1964 worked out to about 265 per thousand workers employed. All the accidents were minor causing only temporary disabilities. Accident Registers were found to be properly maintained in all the Cigarette factories surveyed.

### **6.6. Occupational Diseases**

None of the units surveyed in the Cigarette Industry reported any occupation disease afflicting their workers.

## CHAPTER VI

### INDUSTRIAL RELATIONS

During the post-war years, specially since the country gained Independence, considerable attention has been paid to the promotion of industrial peace and the creation of favourable atmosphere for the growth of healthy labour-management relations. The activities of the Government in this context were not confined merely to the enactment of laws for speedy settlement of disputes, framing of Standing Orders, constitution of Works or Joint Committees, appointment of Labour or Welfare Officers, etc., but extended to measures designed to promote trade unionism and direct negotiations. During the present Survey, attention was focussed on some important aspects of industrial relations in the Cigarette Industry. The observations made appear in the following paragraphs.

#### 7.1. Trade Unionism

During 1944-45, the Labour Investigation Committee had noticed the existence of trade unions in Cigarette factories in Calcutta and Saharanpur while Bangalore and Bombay had no unions of workers. The present Survey has revealed that the workers were organised into trade unions in all the Cigarette factories surveyed and 92.5 per cent. of the workers were members of unions as on 31st March, 1965. As regards percentage of membership, there was very little difference between the large and the small factories. The unions in all the factories enjoyed recognition by the managements. Multiplicity of trade unions in the Industry was not much in evidence as, except in only one large factory which was having two unions, the number of unions in all other factories did not exceed one. As regards the activities of trade unions, it was observed that the main activity of all the unions was to assist their members in securing claims under the various labour laws. Besides this, a few unions in the large factories were providing recreation facilities also. No attention was paid to adult education by any of the unions.

## **7.2. Collective Agreements**

During the course of the Survey, information was collected in respect of collective agreements concluded between the employers and the employees since 1956 in the sampled establishments. It is estimated that such agreements had been concluded in about 82 per cent. of the factories in the Industry, comprising all large and about 67 per cent. of small factories. The subject matter of these agreements related, generally, to wages, dearness allowance, bonus, change in the age of retirement, leave and payment of gratuity.

## **7.3. Standing Orders**

Under the Industrial Employment (Standing Orders) Act, 1946, framing of Standing Orders for regulating such matters as classification of workers, intimation of periods and hours of work, holidays, termination of employment, redress of grievances, etc., is obligatory for all those factories which employ 100 or more workers. The State Governments are, however, empowered to extend the scope of the Act to even those establishments which employ a smaller number of workers. Acts passed by some of the State Governments also contain provision for the framing of Standing Orders.

It is estimated that about 82 per cent of the factories in the Cigarette Industry, comprising all large and about 67 per cent. of small factories, were employing 100 or more workers and all of them had framed Standing Orders. In all cases, the Standing Orders had been framed under the Industrial Employment (Standing Orders) Act, 1946. All the Standing Orders in force were duly certified by the certifying authority. In about half of the factories having Standing Orders, such Orders covered all workers while in about 28 per cent. of the factories, only production and clerical workers were covered. In the remaining about 22 per cent. of the Cigarette factories, the Standing Orders covered production as well as watch and ward workers only. None of the remaining factories had framed the Standing Orders voluntarily.

## **7.4. Labour and Welfare Officers**

With a view to enabling employers to have better arrangements for personnel management and to help them

in ensuring proper implementation of labour laws, a specific provision has been made in the Factories Act, 1948, requiring all factories employing 500 or more workers to appoint a Welfare Officer. The rules framed by the State Governments under the Act prescribed the functions and duties of these officers.

It is estimated that all large factories and about one-third of small factories (or about 64 per cent. of all the large and small factories at the Industry level) were under a statutory obligation to appoint Welfare Officers and all of them had fulfilled their obligation. The functions of the Welfare Officers were reportedly the same as prescribed under the Factories Act, 1948. Besides this, in about 28 per cent. of the Cigarette factories, they appeared before tribunals etc., on behalf of the managements in case of industrial disputes. None of the remaining factories had appointed these officers voluntarily.

### **7.5. Works/Joint Committees**

With a view to providing a forum at the unit level for elimination of sources of friction through mutual discussion and consultation between the managements and their employees, the Industrial Disputes Act, 1947, empowers the appropriate Government to prescribe that a Works Committee should be constituted in every industrial establishment employing 100 or more workers. Some of the State laws also provide for the constitution of Joint Committees.

Information collected during the present Survey indicates that approximately 82 per cent. of the Cigarette factories in the country, comprising all large and about 67 per cent. of small factories, were under a statutory obligation to constitute Works Committees. It was, however, found that with the exception of one of the small factories, no other factory had set up these Committees. Thus, only about 22 per cent. of the legally obliged factories, or 18 per cent. of the factories at the Industry level, had formed such Committees. In this unit, the number of representatives of the employers as well as employees was 7 each and three meetings of the Committee were held during the year ending 31st March, 1965. Records of the meetings held indicated that day-to-day matters such as opening of fair price shops, improvement in the canteen service, revision of rates of

articles sold in the canteen, supply of tea to the staff, etc., formed the usual items of the agenda and the decision taken were invariably implemented.

The main reasons for not setting up these committees, in units where it was obligatory, were reported to be that neither the managements nor the workers had felt any need for the same and that the workers had never insisted on the formation of such Committees. None of the other factories had set up Works Committees voluntarily.

### 7.6. Production and Other Committees

A Production Committee was found to have been set up in only one small factory surveyed. Its functions were to advise on matters relating to production and to ensure better up-keep and care of machinery, tools, implements, etc.

In one of the large units surveyed, a Safety Committee had been set up with five representatives each of employers and employees. The Committee met periodically with the object of educating workers on how to avoid accidents. In another large unit, a Job Evaluation Advisory Committee had been constituted with the object of recommending to the management the adjustments in the ranking and grouping of jobs as a result of change in the process, job content or job description. The employers and the employees were equally represented on this Committee.

### 7.7. Grievance Procedure

With the coming into force of the Industrial Employment (Standing Orders) Act, 1946, it has become compulsory for all factories employing 100 or more workers to frame Standing Orders prescribing, *inter-alia*, the procedure to be followed for the redress of workers' grievances. As mentioned elsewhere, about 82 per cent. of the Cigarette factories in the country had framed Standing Orders and thus had a prescribed grievance procedure also.

However, according to the prevailing practice, grievances were usually represented by the worker himself or through his union to the Manager or any other officer

appointed by the management for the purpose. The decision of these officers was generally final. In a few factories, however, workers could appeal to the higher authority.

#### **7.8. Association of Workers with Management**

The present Survey shows that none of the Cigarette factories in the country had introduced any scheme for associating workers with the management of the undertaking.

## CHAPTER VIII

### LABOUR COST

Information pertaining to labour cost was collected from the sampled establishments, during the course of the present Survey, in respect of the employees covered under the Factories Act, 1948, and receiving less than Rs. 400 per month as wages. This was in pursuance of the decision taken by the Study Group on Wage Costs appointed by the Ministry of Labour and Employment in 1959. The enquiry pertaining to labour cost was modelled on the lines of the Study of Labour Costs in the European Industry, made by the International Labour Office in 1956, with such modifications as were considered necessary in the light of conditions in India. For instance, in view of the fact that, in India, wages are paid on the basis of days instead of hours, data were collected in respect of man-days instead of man-hours. Similarly, it was found in the course of the pilot enquiry, that except for a very few establishments, separate records of premium payments made for leave or holidays, or for days not worked, were not maintained and hence these were dropped as separate items and recorded under 'basic wages'. Certain additions were made in the list either on the basis of the decisions of the Study Group referred to above, or to elicit separate information on some of the items on which employers have to incur expenses under labour laws in force in the country, e.g., lay-off, washing facilities, retrenchment compensation, etc.

As mentioned earlier, the Survey was launched in April, 1965 and was completed in February, 1966. With a view to maintaining comparability of data and ensuring uniformity, it was intended to collect information, as far as possible, for the calendar year 1964. If, however, it was not feasible to collect information for these 12 months, then the field staff was asked to collect the data for the latest available period of 12 months, subject to the condition that a major part of the calendar year 1964 (at least 6 months) was covered. The available data show that it was possible to collect information from all the sampled establishments for the calendar year 1964.



It may also be mentioned here that with a view to forming a better estimate of labour cost, salaries and allowances, etc., of those persons who were employed in connection with any welfare item, amenity, etc., even though they were covered under the Factories Act and were receiving less than Rs. 400 per month, were not included in the general heads "Wages", "Bonuses" and "Other Cash Payments" along with the similar amounts paid to workers who came within the scope of the Study. Expenses incurred in connection with such persons were recorded against the item for which they were employed. Similarly, the man-days worked by such persons were also excluded.

### 8.1. Labour Cost Per Man-day Worked

Data in respect of man-days worked and wages and other earnings of workers were collected during the course of the Survey as also the expenditure incurred by employers on various welfare and security measures, subsidy services, etc., representing the cost incurred by them on labour. Based on the above, the average labour cost per man-day worked has been worked out and is given in Statement 8.1.

#### STATEMENT 8.1

*Estimated Labour Cost Per Man-day Worked in the Cigarette Industry*  
(1964)

Size-Group	Labour Cost per Man-day Worked (In Rs.)
1	2
1. Large Factories . . . . .	15.16
2. Small Factories . . . . .	15.01
3. All Factories . . . . .	15.13

The overall labour cost per man-day worked in the Cigarette Industry was estimated at Rs. 15.13. The burden of the cost was, more or less, the same in large as well as small factories.

### 8.2. Components of Labour Cost

Statement 8.2 shows the distribution of labour cost according to major heads under which the data were collected.

*Estimated Labour Cost Per Man-day Worked by Main Components in the Cigarette Industry*  
(1964)

Size-Group	Wages	Pre- mium Pay for over time and Late- shifts	Bonu- ses	Other Cash- Pay- ments	Pay- ments in Kind	Social Security Contributions		Subsi- dies	Direct Benefits	Some Other Pay- ments Related to Labour Cost	Others	Total
						Obliga- tory	Non- obli- gatory					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. Large Factories	10.80 (71.24)	0.15 (0.99)	1.97 (12.99)	--	0.05 (0.33)	1.41 (9.30)	0.10 (0.66)	0.54 (3.56)	--	0.01 (0.07)	0.13 (0.86)	15.16 (100.00)
2. Small Factories	11.14 (74.22)	--	2.20 (14.66)	0.01 (0.07)	--	1.06 (7.06)	--	0.35 (2.33)	--	0.01 (0.06)	0.24 (1.60)	15.01 (100.00)
3. All Factories	10.88 (71.91)	0.12 (0.79)	2.03 (13.42)	* (0.42)	0.04 (0.26)	1.33 (8.79)	0.07 (0.46)	0.49 (3.24)	--	0.01 (0.07)	0.16 (1.06)	15.13 (100.00)

\*Less than Re. 0.005.

Note : Figures within brackets are percentages to total.

- (a) Includes basic wage, dearness allowance, incentive bonus and attendance bonus.
- (b) Includes extra payment for working on holidays.
- (c) Includes house rent allowance, travelling allowance etc., and other ex-gratia payments.
- (d) Includes expenditure on medical and health care, canteens, company housing, creches, educational and recreation services, etc.
- (e) Includes direct payments made by the employer to the beneficiary on occasions like birth, death, marriage.
- (f) Includes expenditure on recruitment, vocational training, apprenticeship, on-the-job medical services, etc.
- (g) Includes expenditure on miscellaneous payments like supply of protective equipment to workers, pay of Welfare Officers, etc.

### 3.2.1. Wages

This component comprised basic wage and dearness allowance, incentive or production bonus and attendance bonus, if any, received by the employees. It was desired by the Bureau to collect data, under this head, in respect of the man-days worked alone, but, in the course of the pilot enquiry it was found that most of the employers did not maintain separate records of payments made for the days actually worked and for leave and holiday periods. Consequently, the amount of basic wages and dearness allowance recorded included the sum paid for the days worked as well as not worked but paid for.

It would be seen from Statement 8.2 that 'Wages' accounted for about 72 per cent. of the total labour cost in the Industry. This proportion was higher in small factories (74 per cent.) than in large factories (71 per cent.).

Statement 8.3 gives the break-up of the 'wages' cost into various sub-groups, *viz.*, basic earnings, incentive or production bonus and attendance bonus.

#### STATEMENT 8.3

*Estimated Break up of 'Wages' Cost By Components*  
(1964)

(In rupees)

Size-Group	Basic Wages and Dearness Allowance (or Consolidated Wages)	Incentive/ Production Bonus	Attendance Bonus	Total
1	2	3	4	5
1. Large Factories . .	10.57 (97.87)	0.23 (2.13)	—	10.80 (100.00)
2. Small Factories . .	9.79 (87.88)	1.03 (9.25)	0.22 (2.87)	11.14 (100.00)
3. All Factories . .	10.38 (95.40)	0.42 (3.86)	0.08 (0.74)	10.88 (100.00)

Note :—Figures within brackets are the percentages.

It is evident that the bulk of the 'wages' cost i.e., about 95 per cent., was spent in the form of basic wages and dearness allowance or consolidated wages alone. Payments made in the form of incentive bonus and attendance bonus accounted for about 4 and 1 per cent. of the cost respectively at the Industry level.

### **8.2.2. Premium Pay for Overtime and Late Shifts**

Under this group, only the premium part of pay for overtime work, late shifts, work on holidays, etc., was recorded. This was represented by an amount received by the workers in addition to their normal pay. For instance, if a worker received one and a half times his normal wages for the overtime work, the extra amount, i.e., one-half, was recorded against this item. The normal wages were included under the group 'wages'.

From the figures given in Statement 8.2, it would be seen that the labour cost on account of this item formed a very small proportion of the total labour cost in the Industry. It was Rs. 0.15 per man-day worked in large factories while in small factories, there was no expenditure on this account.

### **8.2.3. Bonuses**

Payments made in the form of festival, year-end, profit-sharing and other similar type of bonus paid each year to the employees were recorded under this group. It would be seen from Statement 8.2 that the cost on account of such payments in the Cigarette Industry amounted to Rs. 2.03 per man-day worked and accounted for about 13 per cent. of the total labour cost. This was the second major item of labour cost, next only to wages. The whole of this cost was on account of year-end bonus only. Its percentage was slightly lower in large factories as compared to small ones.

### **8.2.4. Other Payments in Cash and Kind**

Other cash payments in the Cigarette Industry which were paid regularly consisted of tea allowance in a few small factories. It formed a negligible proportion of the total labour cost.

Payments in kind related to the supply of cigarettes in some of the large factories surveyed and they amounted to Re. 0.04 per man-day worked.

### 8.2.5. Social Security Contributions

The expenses incurred by employers on various social security measures constituted one of the major elements of the labour cost, next only to wages and bonuses. Since the employers were statutorily obliged to undertake some of the social security measures, separate data were collected in respect of expenditure incurred on obligatory and non-obligatory social security contributions. The combined cost on account of this component of labour cost works out to Rs. 1.40 per man-day worked or about 9.3 per cent. of the total labour cost. Its proportion in large factories was higher than that in small factories. The cost on account of non-obligatory social security contributions was only Re. 0.07 per man-day worked and it accounted for a negligible proportion of total labour cost. Details about the estimated cost of social security contributions under each item for which the information was collected are given in **Statement 8.4.**

The Statement (8.4) shows that so far as obligatory social security contributions are concerned, provident fund contributions alone accounted for about 67 per cent. of it. The balance was accounted for by Employees' State Insurance Contributions (18.8 per cent.), gratuity (13.5 per cent.) and Retrenchment Compensation (0.7 per cent.). Expenditure on non-obligatory social security contributions related only to gratuity payments in a few large factories.

### 8.2.6. Subsidies

Cost to employers for providing certain facilities and services to workers and their families was collected under this head. The facilities listed were: Medical and Health Care, Canteens, Restaurant and Other Food Services, Company Housing, Building Funds, Credit Unions, Creches, Educational Services, Cultural Services, Transport, Recreation Services, Sanitation, Drinking Water Facilities, Washing Services, etc. The net amount spent, including

# STATEMENT 8.4

*Estimated Cost of Social Security Contributions per Man-day Worked in the Cigarette Industry (1964)*

		Obligatory										Non-Obligatory	Total Percentage of Social Security obligatory contributions to the total Labour Cost
Size-Group	Provi- dent Fund	Retren- chment Com- pensa- tion	Lay-off	Emp- loyee State Insurance Con- tribu- tion	Employ- ment Injury	Occu- pational Disease	Mater- nity Bene- fits	De- pendants Allowance	Gratu- ity	Total			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Large Factories	0.91 (64.54)	—	—	0.26 (18.44)	—	—	—	—	0.24 (17.02)	1.41 (100.00)	0.10	1.51	9.56
2. Small Factories	0.81 (76.42)	0.06 (5.66)	—	0.19 (17.92)	—	—	—	—	—	1.06 (100.00)	—	1.06	7.06
3. All Fac- tories	0.89 (66.92)	0.01 (0.75)	—	0.25 (18.80)	—	—	—	—	0.18 (13.53)	1.33 (100.00)	0.07	1.40	9.25

Note : Figures within brackets are the percentages.

depreciation but excluding any capital expenditure, was recorded. In the course of the pilot enquiry, it was noticed that in most of the cases, employers did not maintain any records separately for the above mentioned items or expenses related not only to persons falling within the scope of the study but also to others. Hence, the field staff were asked to obtain estimates, wherever such statistics were not available separately, for the above mentioned items, and/or for the employees covered by the study only. In the latter case, estimates were made on the basis of the proportion that the employees coming under the scope of study formed to the total employees. Details in respect of cost of subsidies are given in Statement 8.5.

The cost of subsidies per man-day worked amounted to Re. 0.49 and constituted about 3.2 per cent. of the total labour cost in the Industry. This proportion was higher in large factories as compared to that in small factories. The main items of expenditure were Canteens, Sanitation and Medical and Health care which accounted for about 29, 23 and 14 per cent. of the total cost on subsidies respectively. Other items of expenditure were Educational Services (about 10 per cent.), Creches (about 8 per cent.), Credit Unions, Recreational Services and Washing Services (4 per cent. each), Drinking Water and Company Housing (about 2 per cent each). Absolutely no expenditure was reported to have been incurred on Restaurant and Other Food Services, Building Fund, Cultural Services and Transport Facilities.

### **8.2.7. Direct Benefits**

Direct benefits are those benefits which are paid by the employers directly to the beneficiary without any intermediary or external agency on occasions like birth, death, marriage, etc. Survey results show that no expenditure was incurred on this item.

### **8.2.8. Some Other Payments Related to Labour Cost**

Under this group, expenses related to on-the-job medical services, cost of recruitment and remuneration paid to apprentices, etc. The total cost incurred on these items amounted to a small sum of Re. 0.01 per man day worked (Statement 8.2) at the Industry level.

STATEMENT 8.5  
*Estimated Cost of Subsidies per Man-day Worked in the Cigarette Industry*  
 (1964)

Size-Group	(In Rupees)								
	Medical and Health Care	Canteens	Restau- rant and Other Food Services	Company Housing	Building Fund	Credit Unions etc.	Creches	Educa- tional Services	
1	2	3	4	5	6	7	8	9	
1. Large Factories	. . . 0.08 (14.81)	0.16 (29.63)	—	—	—	0.03 (5.56)	0.03 (5.56)	0.06 (11.11)	
2. Small Factories	. . . 0.03 (8.57)	0.10 (28.57)	—	0.03 (8.57)	—	—	0.08 (22.86)	—	
3. All Factories .	. . . 0.07 (14.29)	0.14 (28.57)	—	0.01 (2.04)	—	0.02 (4.08)	0.04 (8.16)	0.05 (10.21)	



STATEMENT 8.5 (contd.)

Size-Group	Cultural Services	Trans- port	Recreation- al Services	Sanita- tion	Drinking Water	Washing Services	Total	Percentage of Subsidies to total Labour Cost
1	10	11	12	13	14	15	16	17
1. Large Factories	.	—	—	0.13 (24.08)	0.01 (1.85)	0.02 (3.70)	0.54 (100.00)	3.56
2. Small Factories	.	—	—	0.05 (14.29)	0.02 (5.71)	0.01 (2.86)	0.35 (100.00)	2.33
3. All Factories	.	—	—	0.11 (22.45)	0.01 (2.04)	0.02 (4.08)	0.49 (100.00)	3.24

### 8 2.9. Others

Under this head, only those expenses which could not be grouped under any of the heads or sub-heads of the labour cost items were recorded. They related to expenses on account of protective clothings, pay of Welfare Officers, etc. The total cost incurred on all these items amounted to Re. 0.16 per man-day worked (Statement 8.2) at the Industry level and accounted for about one per cent. of the total labour cost.

## CHAPTER IX

### SUMMARY OF FINDINGS

Cigarette is one of the most popular tobacco products. The Industry is based mainly on indigenous tobacco with small quantities of Virginia tobacco of American origin being imported for blending purposes. The two World Wars gave a great fillip to the Industry because, during the war period, foreign competition was eliminated due to restrictions on imports. The Industry is mainly concentrated in West Bengal, Maharashtra, Uttar Pradesh, Andhra Pradesh, Bihar and Mysore.

On the basis of the present Survey, it has been estimated that on the specified date i.e., 31st March, 1965, the Cigarette Industry employed about 14 thousand workers, of whom nearly 90 per cent. were covered under the Factories Act, 1948. The distribution of all workers (both covered and not covered under the Factories Act) according to the broad occupational groups shows that 81.6 per cent. were 'Production and Related Workers (including Supervisory)'. 'Clerical and Related Workers (including Supervisory)' accounted for 10.9 per cent. of the total working force, followed by 'Watch and Ward and Other Services' (4.7 per cent.). The remaining (2.8 per cent.) belonged to the two categories of 'Professional, Technical and Related Personnel' and 'Administrative, Executive and Managerial Personnel'. Though women were employed in all the factories surveyed, they formed only about 12 per cent. of the total working force. All the rest were men. Child labour as well as contract labour was entirely absent. All 'Production Workers' in the Industry were time-rated.

Generally, the system of recruitment was direct as about 76 per cent. of the workers were found to have been recruited at the factory gate, 12 per cent. through Employment Exchanges and the remaining 12 per cent. through other methods like interview, contacts, etc.

The Survey results show that nearly 97 per cent. of the 'Production Workers' were permanent, about 2 per cent. casual and the remaining 1 per cent. comprised temporary workers, apprentices and probationers. There were

no *badli* workers. The working force in the Industry was quite stable as about 79 per cent. of the 'Production Workers' had 10 years or more of service to their credit as on 31st March, 1965.

About 82 and 23 per cent. of the Cigarette factories in the country had taken some measures to reduce absenteeism and labour turnover respectively. The system of providing training facilities for workers existed in about 64 per cent. of the factories in the country.

All the factories surveyed were found to be paying a separate dearness allowance to their employees and in a large majority of them, it was linked to the Consumer Price Index Number. Production/Incentive Bonus was being paid in only one of the large factories covered. All the Cigarette factories in the country were paying annual or year-end bonus to their employees. The schemes were regular in about 46 per cent. of the factories and *ad hoc* in the remaining 54 per cent.

Nearly 36 per cent. of the factories worked one shift and the remaining 64 per cent. had two shifts daily. Night shifts were being worked in only one of the small factories covered. All night-shift workers in this factory were enjoying the benefit of reduced hours of work which were 45 per week instead of 48 for day-shift workers. A regular system of fortnightly change-over of workers from day-shift to night-shift and *vice-versa* existed in the factory.

There was no violation of the provisions of the Factories Act, 1948, in respect of hours of work, rest-interval and spread-over.

Such basic necessities as latrines and urinals existed in all the factories surveyed and the arrangements were satisfactory.

The system of granting earned leave with pay to workers was prevalent in all the Cigarette factories in the country. Nearly 89 per cent. of the workers were found to have availed themselves of earned leave during 1964 and about two-thirds of them took leave for over 10 and up to 15 days. The practice of granting casual leave with pay to the employees also existed in all the Cigarette factories surveyed. The leave was being granted to all categories of workers without any condition and full wages

were paid during the leave period. The facility of granting sick leave with pay was, however, available in only one of the small Cigarette factories covered during the Survey. National and festival holidays with pay were being granted in all the factories to all categories of employees. All factories were complying with the provision of the Factories Act, 1948, regarding the grant of a weekly day of rest to workers.

Drinking water facility existed in all the factories and all of them made special arrangements during the summer months to supply cool drinking water to workers. Washing facilities and some cleansing material like soap were provided to workers in all the Cigarette factories in the country. However, only one small factory had provided bath rooms for men workers only.

It is estimated that nearly 64 per cent. of the factories were under a statutory obligation to provide canteens and all of them had done so. Besides, one small factory, though under no obligation, had also provided a canteen. Thus, in the Industry as a whole, canteen facility existed in about 82 per cent. of the factories. The position in respect of creches and rest shelters was also found to be satisfactory as all those factories which were required to provide them under the law had done so.

Recreation facilities in the form of outdoor and indoor games, dramas, film shows, etc. for workers existed in about 64 per cent. of the Cigarette factories in the country. However, educational facilities for the workers' children existed on a meagre scale in the Industry.

Medical facilities in the form of attached dispensaries were available to workers in about 46 per cent. of the factories in the country. Nearly 64 per cent. of the factories, which were under a statutory obligation to provide ambulance rooms, had done so. First-aid boxes were maintained by all the factories, but in about 36 per cent. of them, these were not under the charge of trained first-aiders. The contents of these boxes were found lacking in one item or the other in about 41 per cent. of the factories.

Only one small factory, constituting about 18 per cent. of the Cigarette factories in the country, had provided rent-free housing accommodation to 5 per cent. of its employees.

All the Cigarette factories had introduced provident fund schemes for their employees and about 97 per cent. of the total number of workers were their members. None of the Cigarette factories surveyed had any pension scheme for the workers. Gratuity schemes were in force in about 82 per cent. of the Cigarette factories in the country. During 1964, industrial accidents took place in about 46 per cent. of the factories, involving nearly 3 thousand workers. It is significant to note that, during this period, none of the small factories reported a single accident. All accidents were minor, causing only temporary disabilities. The rate of accidents was nearly 265 per thousand workers employed. None of the factories surveyed had reported any case of occupational disease.

Trade unions existed in all the Cigarette factories surveyed and about 92 per cent. of the workers were found to be members of the unions. The management of all the factories had accorded recognition to one or the other union existing in the factory.

Collective agreements since 1956 had been concluded in about 82 per cent. of the Cigarette factories in the country. All the Cigarette factories which employed 100 or more workers, and were thus required to frame Standing Orders, had done so. Such factories constituted about 82 per cent. of the Cigarette factories in the country. About 64 per cent. of the factories at the Industry level were under a statutory obligation to appoint Welfare Officers and all of them had fulfilled their obligation. A Works Committee had been constituted in only one small factory surveyed in the country although about 82 per cent. of the factories employed 100 or more workers. A prescribed grievance procedure existed in about 82 per cent. of the Cigarette factories in the country.

Data relating to labour cost in respect of workers covered under the Factories Act and receiving less than Rs. 400 p.m. show that, during 1964, the cost per man-day worked in the Industry was Rs. 15.13. The position was, more or less, similar in both large and small-size factories. Wages, i.e., basic wages, dearness allowance and incentive payments, if any, constituted the main component of the labour cost and accounted for about 72 per cent. of the

total labour cost. Other major components were bonuses, social security contributions and subsidies which accounted for 13.4, 9.3 and 3.2 per cent. of the labour cost respectively. Other items of expenditure were premium pay for overtime and late shifts, other payments in cash or kind, etc.

Salient features of the Cigarette factories in the country, as thrown up by the Survey of Labour Conditions, are presented in Statement 9.1.

STATEMENT 9.1.  
*Salient Features of the Cigarette Industry*

Particulars	Estimates for the industry, as a whole
1	2
<b>I. Employment</b>	
<i>Total</i> . . . . .	13,998
Of which Production and Related Workers . . . . .	82 %
Others . . . . .	18 %
Women Labour . . . . .	12 %
<i>Production Workers (Total)</i> . . . . .	10,846
Of which Time-rated . . . . .	100 %
Piece-rated . . . . .	—
Employed through Contractors . . . . .	—
<i>Production Workers Employed Directly (Total)</i> . . . . .	10,846
Of which permanent workers . . . . .	97 %
Workers with service of 10 years and more . . . . .	79 %
<b>II. Proportion of</b>	
Factories paying separate dearness allowance . . . . .	100 %
Factories in which the dearness allowance was linked with the Consumer Price Index Number * . . . . .	64 %
Factories paying production/incentive bonus . . . . .	23 %
Factories paying annual bonus . . . . .	100 %
Factories paying festival bonus . . . . .	—

\*Out of those paying separate dearness allowance.

1	2
<b>III. Hours of Work, etc.</b>	
(Proportion of)	
Factories where daily hours of work were 8 or less . . .	82%
Factories where weekly hours of work were 48 or less . .	100%
Factories where spread-over was up to 9½ hours . . .	82%
Factories where rest-interval was up to one hours . . .	100%
<b>IV. Leave and Holidays with Pay</b>	
(Proportion of units granting)	
Earned leave . . . . .	100%
Sick Leave . . . . .	18%
Casual Leave . . . . .	100%
National and festival holidays . . . . .	100%
Weekly off . . . . .	82%
<b>V. Welfare and Amenities</b>	
(Proportion of units providing)	
Seating arrangement (out of those where workers had to do work standing) . . . . .	100%
Drinking water facility . . . . .	100%
Washing facility . . . . .	100%
Rest shelters . . . . .	46%
Canteens . . . . .	82%
Creches . . . . .	77%
Latrines . . . . .	100%
Urinals . . . . .	100%
Labour/Welfare Officers . . . . .	64%
First-aid boxes . . . . .	100%
Ambulance room . . . . .	64%
Recreation facilities . . . . .	64%
Educational facilities . . . . .	23%
Housing facility . . . . .	18%
	1%†
<b>VI. Social Security</b>	
(Proportion of units having)	
Provident fund schemes . . . . .	100%
Pension schemes . . . . .	—
Gratuity schemes . . . . .	82%
Proportion of workers covered under Provident Fund Schemes .	97%

†Indicates percentage of workers housed.



1	2
<b>VII. Accident Rate during 1964</b>	
(Per thousand workers employed) . . . . .	265
<b>VIII. Industrial Relations</b>	
Factories having trade unions . . . . .	100%
Proportion of workers who were members of trade unions . . . . .	92%
Units having concluded collective agreements . . . . .	82%
Factories having Standing Orders . . . . .	82%
Factories having works/Joint Committees . . . . .	18%
<b>IX. Labour Cost</b>	
Labour Cost per Man-day Worked during 1964 . . . . .	Rs. 15.13

## APPENDIX

### *A Brief Note on the Sample Design and the Method of Estimation Adopted*

#### 1. Sample Design

For the Survey of Labour Conditions, a multi-stage sampling procedure with industry as a stratum, with further regional strata for those industries which were found to be highly concentrated in particular regions or areas, was followed. The registered factories belonging to those industries for which regional stratification was found necessary were stratified and each centre or area of high concentration was taken as a separate regional stratum of the industry and the remaining scattered factories were clubbed together into a single residual stratum. Establishments in an industry/regional stratum were arranged in a frequency distribution fashion with suitable class intervals and were divided into two size-groups, large factories and small factories, on the basis of an optimum cut-off point derived for each industry. The optimum cut-off point was so derived that if all the establishments in the upper size group were included in the sample, the results obtained would yield an estimate of over-all employment within 5 per cent. error at 95 per cent. confidence interval, and the sample size would be minimum. The optimum cut-off point varied from industry to industry. For the Cigarette Industry it was chosen as 785 which was approximately equal to the average size of employment in the Industry. However, considering the limited resources available for the Survey of Labour Conditions and the practicability, etc., it was thought that a sample of 25 per cent. from the upper size group and 12½ per cent. from the lower size group would yield reliable results. However, the experience of earlier Surveys had shown that due to (i) non-availability of very recent frame, (ii) closures, and (iii) units changing their line of production, considerable shrinkage had occurred to the desired sample size. Hence it was decided that for taking into account such closures etc., the required sample size should be increased to allow for the above mentioned shrinkage. Since the sample size in respect of almost all industries had been inflated to safe-guard against shrinkage due to closure of units etc., substitution was resorted to only in case of abnormal closures of units, in the manner explained below :—

I. In case of such industries where the sample size had not been inflated substitution was done to replace the sampled units found closed.

- (a) If the number of sampled units was 5 or less in size class of a particular industry; or
- (b) The number of units found closed, etc., was more than 1 in a sample of 6 to 10 units of size class of particular industry; and
- (c) In cases where the sample sizes were more than 10 units, substitution was made when the extent of closures was 50 per cent. or more.

II. For industries where the sample size had already been inflated substitution was done only if the extent of closure was 50 per cent. or more irrespective of the size of the sample unless such a high rate was already noticed

in the Second Occupational Wage Survey and consequently taken into account in fixing the sample size.

The ultimate sampling units, namely registered factories, within an industry were arranged by contiguous States and within each State by contiguous districts in serpentine fashion so that districts formed a continuous chain from one State to another. Having arranged the list of units in the above manner, the units above the optimum cut-off point were taken in the upper-size class and the rest in the lower-size class. From these size-groups, the required number of units were selected by systematic sampling with a random start. The frame on the basis of which the sample was selected in the case of Cigarette factories was the list of registered factories for the year 1963.\*

## 2. Method of Estimation

In the course of the Survey, various characteristics were studied, some of which were correlated with employment whereas there were others which were not correlated with employment but with the number of establishments. Consequently, two different methods were used for working out estimates.

For estimating the totals of those characteristics which are high correlated with employment such as labour cost, etc., ratio of total employment was used as the blowing up factor. For estimating the totals of those characteristics which are not correlated with employment such as, number of units providing certain welfare facilities, etc., the ratio of units was used as the blowing up factor. Estimates of percentages have been arrived at by computing in each case the ratio of the estimates of the totals for the two characteristics involved.

More precisely, the estimate for the total (for all-India) of a particular characteristic not correlated with employment in the industry has been obtained as :—

$$X = \frac{N_u - N'_u}{n_u - n'_u} \sum_i X_{iu} + \frac{N_l - N'_l}{n_l - n'_l} \sum_i X_{il} \dots \dots (i)$$

The summation extending over all the sampled units surveyed in the industry.

Where  $X$  = the estimated total of the  $X$ —characteristic for the industry.

$N_u$  and  $N_l$  = the number of units in the original population as featuring in the 1963 list, which was used as frame, in the upper and lower size groups respectively of the industry.

$N'_u$  and  $N'_l$  = the number of units which featured in the 1963 list but were not featuring in the list relating to the period more or less coinciding with the period of the Survey in the upper and lower size-groups respectively, of the industry.

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\*For Andhra Pradesh and Maharashtra list relates to the year 1962.

$n_u$  and  $n_l$  = the total number of units in the sample (from 1963 list) in the upper and lower size groups respectively of the industry.

$n'_u$  and  $n'_l$  = the number of sampled units, which were found at the time of the Survey to be closed or to have changed the line of production and hence left out in the upper and lower size groups respectively of the industry.

$X_{iu}$  and  $X_{il}$  = the total of the characteristic  $X$  in the  $i$ th sample unit of the upper and lower size groups respectively of the industry.

In any industry the estimate for the characteristic— $Y$  correlated with employment is given by :

$$Y = \frac{E_{N_\mu - N'_\mu}}{E_{n_\mu - n'_\mu}} \sum_i Y_{i\mu} + \frac{E_{N_l - N'_l}}{E_{n_l - n'_l}} \sum_i Y_{il} \quad \dots \quad (ii)$$

The summation extending over all the sampled units surveyed in the industry.

Where  $Y$  = the estimated total of the characteristic— $Y$  for the industry.

$E_{N_\mu - N'_\mu}$  and  $E_{N_l - N'_l}$  = the total employment in 1963 in  $N_\mu - N'_\mu$  and  $N_l - N'_l$  units respectively, of the industry.

$E_{n_\mu - n'_\mu}$  and  $E_{n_l - n'_l}$  = the total employment in 1963 in  $n_\mu - n'_\mu$  and  $n_l - n'_l$  sampled units respectively of the industry.

$Y_{iu}$  and  $Y_{il}$  = the total of characteristic  $Y$  in the  $i$ th sample unit of the upper and lower size groups respectively of the industry

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1	2	3	4	5
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